

ASSEMBLY BILL

No. 2570

Introduced by Assembly Member Ma

February 19, 2010

An act to add Section 612 to the Unemployment Insurance Code, relating to employment.

LEGISLATIVE COUNSEL'S DIGEST

AB 2570, as introduced, Ma. Professional employer organizations: regulation.

Under existing law, the Employment Development Department within the Labor and Workforce Development Agency is charged with administering the state's unemployment insurance program, which provides for the compulsory setting aside of funds to be used for a system of unemployment insurance providing benefits for persons unemployed through no fault of their own. Existing law also requires employers, as defined, to register with the department and imposes penalties on employers for failure to register.

This bill would prohibit a person or entity from providing, advertising, or otherwise holding itself out as providing professional employer services in the state, unless that person or entity is registered as a professional employer organization with the department. The bill would require the director to prescribe rules establishing the method for professional employer organizations to report quarterly wages and contributions to the director for worksite employees, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 612 is added to the Unemployment Insurance Code, to read:

612. (a) A person or entity shall not provide, advertise, or otherwise hold itself out as providing professional employer services in the this state unless that person or entity is registered as a professional employer organization with the department.

(b) The director shall prescribe rules establishing the method for professional employer organizations to report quarterly wages and contributions to the director for worksite employees.

(1) The rules shall recognize the professional employer organization as the employing unit of its worksite employees for reporting purposes. However, the rules may require that each worksite employee of a single client be reported under a separate and unique Employment Development Department (EDD) subaccount of the professional employer organization to reflect the experience of the worksite employees for a client.

(2) Any EDD subaccount shall be used solely to determine experience rates for that individual EDD subaccount on an annual basis and shall recognize a professional employer organization as the employing unit associated with each EDD subaccount. The rate and experience existing on a client's EDD account prior to entering into a professional employer agreement shall be combined with the experience accumulated as an EDD subaccount of the professional employer organization and the combined experience shall remain with the client account upon termination of the professional employer agreement.

(3) Any rule promulgated pursuant to this division shall also include administrative requirements that permit a professional employer organization to transmit the reporting and payment date required by this section collectively as a single electronic filing with the director.

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